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# **The business of building peace: private sector cooperation across the Irish border**

**Katy Hayward and Eoin Magennis**

**ABSTRACT.** The sustainability of cross-border peacebuilding initiatives is increasingly pertinent in a context of reduced public funding (national and European), yet the potential contribution to be made to this from private sector cooperation remains under-explored. This paper brings together quantitative data on cross-border trade with qualitative evidence from business leaders in the Irish border region in order to examine the nature of cross-border cooperation within the private sector and its possible connections to peacebuilding. We analyse this evidence in the light of three theses: spillover, contact and business-based peacebuilding. The first part of this paper assesses the conditions for cross-border business cooperation in Ireland, including funding support for economic development, European integration, and (post-Agreement) institutional change. The second part examines the particular contributions made by the private sector to peace, centring upon consciously non-political motivations (such as pragmatism and profit), networking and leadership.

**Keywords:** 1998 Agreement; business; cross-border; economic development; peacebuilding; private sector.

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## **Unlikely peacebuilders**

Up to now you haven't heard of me at all in the, if you like, activity of peace making or joining North and South because I am a business person and we were simply there to make stuff in the North and sell it into the South and make a few bob out of it.<sup>1</sup>

If the private sector is ever considered in relation to peacebuilding it is usually in one of two roles: providing the means to facilitate material development 'up and out' of conflict or (in a less direct way) as a locus of actors with significant influence in their local communities. Lederach's (1997) conception of business people as fitting into the 'middle range leadership' bracket is a typical one: they are there as pillars of the community, and if they engage and

invest in local ‘normalising’ processes it is hoped that others will follow.<sup>2</sup> Yet we still know relatively little about the precise role of business leaders in building peace, with most analyses of peacebuilding focusing on either the ‘ground’ level of community activists or on ‘high’ level politicians. This ‘blindspot’ could be, first, because of a redolent unease among academics in peace studies in connecting the goals of peacebuilding to the motivating factor for private sector innovation -- profit. Indeed, as suggested by the above interviewee, this unease is matched by business leaders’ own reticence when it comes to being associated with peacebuilding *per se*. Yet cross-border business cooperation on the island of Ireland, despite plenty of historical encumbrances (such the Anglo-Irish trade war and southern protectionism; O’Rourke, 1991), provides an interesting case for examining the ways in which processes naturally associated with business growth (including negotiation, network creation and market expansion) can make a positive contribution towards improving relationships across state borders.

In order to test the extent to which this private sector ‘peacebuilding’ contribution has wider (political) significance, this paper traces the development of commercially-driven business cooperation in light of the patterns of North-South trade and public sector or international investment in cross-border business. To do so, it draws on quantitative data on trade flows and investment patterns as well as qualitative data in the form of the verbal accounts of key business leaders associated with cross-border cooperation prior to and during the peace process, including contributions from 13 key business leaders, plus additional comments from another five politicians and civil servants from both sides of the border who have been particularly supportive of cross-border economic initiatives.<sup>3</sup> The fact that we are looking at the Irish border rather than the Irish Sea as the critical state boundary in this study means that our focus rests less on British and Irish state policy and institutions than on more directly cross-border influences, including EU initiatives and North-South institutions.

For theoretical perspective, we place analysis of this evidence in light of three major theses on cross-border cooperation and peacebuilding (spillover, contact and business-based peacebuilding). We then outline the core ways in which the private sector has helped contribute to embedding sustainable cooperative relations across the border, noting that peacebuilding benefits have always been of secondary import compared to the profit motive. The pragmatism and networking necessary for expanding cross-border business have only been made possible through significant changes in the policy environment, propped up by direct investment, and through the leadership of key individuals in business.

### **Theoretical perspectives on business and peace**

Most of the analyses that consider the potential of the private sector for building peace focus on the function of material development in reducing the likelihood of conflict. This perspective has its historical roots in traditional conflict theory, which sees material inequalities and deprivation as being a core cause of – and exacerbating factor in – violent conflict. The materialist assumption (rooted in Enlightenment ideals) that the spread of scientific and technical knowledge would help create a world of plenty and thus global peace is one that still resonates in liberal state initiatives three centuries later.<sup>4</sup> Indeed, this supposition is still present in much scholarship in peace studies.<sup>5</sup> The classical liberal presumption that closer economic relations can foster peace remains predominant, and is very evident in approaches to Ireland's peace process (O'Hearn, 2000). However, the specific role played by the private sector in this area remains relatively unknown.<sup>6</sup>

Stepping into this domain requires awareness of the three theses most often applied in analyses of the role of business in ameliorating conflict. The first is that of the so-called 'spillover effect'. This thesis, drawing from the wider field of neofunctionalism, assumes that cooperation across jurisdictions in one sector will create momentum for integration in others. In the case of the European Union, the neofunctionalist assumption has been that the expansion and normalisation of transnational economic cooperation will spawn a growing acceptance (even expectation) of supranational political cooperation. This will then, according to the theory, necessitate and legitimise institutions that operate to facilitate this cooperation. In terms of cross-border cooperation, the neofunctionalist assumption is that business linkages will easily spread from one area into another (for example, collaboration in producing a particular widget will have consequences for designers, suppliers of materials, packaging, advertising, distribution, and others on both sides). In so doing, the spillover effect will be to create a perpetual logic of transactionalism – with one move to cooperation naturally sparking another, which in turn produces another. In her application of neofunctionalist theory to the case of cross-border cooperation in Ireland, Tannam (1999) argued for a broad understanding of what could constitute the embryonic roots of spillover. It is a continuum from informal contacts and formal joint contacts, to joint programmes and, ultimately, joint authority. However, returning to test the degree to which spillover had occurred in the years since the establishment of new cross-border institutions in Ireland, Tannam (2006: 275) found that 'neither the [1998 Agreement] nor the EU has provided sufficient conditions for generalised and significant cross-border co-operation to date'. A similar critique has been made by Teague and Henderson (2006), who argue that most post-Agreement initiatives for furthering economic and business connections on the island in this vein have been neither deep nor strategic.

There are some commonalities between neofunctionalism and the second theory relevant to this study, namely the contact hypothesis, in that both assume that engagement will produce positive attitudinal and behavioural change. Allport's (1954) contact hypothesis (or the related intergroup contact theory) has been consistently put forward as being relevant to improving relations in Northern Ireland and other divided societies (see, for example, Ben Porat, 2006; Hewstone and Brown, 1986; Connolly, 2000). Core conditions set out by Allport (1954) and his followers for the successful translation of communication and meeting into prejudice reduction are often neglected, however. Equal status, shared goals, and institutional support, for instance, are essential (Pettigrew, 1998). Additionally, unfavourable conditions for contact have long been found to actually have the effect of increasing intergroup tensions (Amir, 1969). In his critique of the contact hypothesis in the realm of commerce, Forbes (1997) argued that individual (rather than group) relationships can have some potential for ameliorating conflict (something we return to later). This posits a slightly different take on the more general claim that the networks and clearly-defined roles of business can make positive contributions to peacebuilding (Banfield *et al.*, 2006); this relates to the third thesis considered here.

The embryonic literature on the third theory – business-based peacebuilding – centres on the claim that the very nature of commercial activity can be conducive to conflict prevention and amelioration. Recent studies from wide-ranging international examples show that private sector contributions to this goal can include a diverse array of activities. These include improving local security, funding 'yes' campaigns in referendums on peace agreements, creating jobs, lobbying for political change, investing in development projects, and leading initiatives to tackle social exclusion (Banfield *et al.*, 2006). With such potential in mind, Nelson (2000), Wenger and Möckli (2003) and Banfield *et al.* (2006) make a strong case for the concept of corporate social responsibility to be expanded to incorporate strategic conflict prevention and 'peace entrepreneurship'. All note the importance of economic and profit incentives as a prime motivation for involvement in peacebuilding. Sweetman (2009), in particular, places a strong emphasis on the need for pragmatic and short-term gains for the actors involved. His effort to disassociate business-based peacebuilding from the 'political' aspects of peacebuilding is, as we shall see, one that chimes with the dominant view of the business community itself but is in practice difficult to achieve.

This paper examines the case of business cooperation in the Irish border region since the early 1970s as a good case study for examining this 'productive tension' in business-based peacebuilding, as well as the relative importance of spillover and contact in effecting change. The mix of quantitative and qualitative data we draw upon offers the chance to show the

relative importance of simple monetary or profit incentives vis-à-vis those constructed politically, either by the states concerned (for example, through InterTradeIreland) or by external actors (noting that these are heavily constrained by the will of the UK and Irish states vis-à-vis Northern Ireland), or even the ‘higher’ more abstract incentives of corporate social responsibility.

### **The economic effects of the border**

Although, in purely economic terms, the negative impact of the existence of the Irish border has sometimes been exaggerated (see Helliwell, 1998: 114; Ó Gráda and Walsh, 2006), the nature of the ‘border effect’ has, at times, had a deadening impact on cooperation across it. In 1959, in the middle of an armed campaign by the IRA and at the end of a dire economic decade for both jurisdictions, northern economist Norman Gibson wrote that ‘it is sometimes said that partition has added to Ireland’s problems. If this is true then it is primarily because of our own stupidity and our refusal to cooperate on common economic problems’ (cited by Ó Gráda and Walsh, 2006: 9).

Since the 1950s the belief, especially in the South, has been that greater cooperation would result in increased cross-border trade and that this, in Taoiseach Seán Lemass’s view, would lead to both parts of the island catching-up with other parts of Western Europe.<sup>7</sup> This expectation has remained a constant whenever cross-border cooperation is raised as an issue. For example, Hitchens *et al.* (1996) noted the low levels of cross-border trade up to the early 1990s, despite there being few differences in the basic capability of firms on both sides of the border. They claimed that cross-border cooperation would reduce the dependence of Irish firms on local trade and thereby enhance their competitive advantage in global markets (Hitchens *et al.*, 1996).

Of direct relevance to this study is the assumption that the conflict has had a negative impact on economic growth in the border region and that cooperation can assist in the necessary rebalancing of the economy. The evidence that Northern Ireland’s performance has lagged well behind some other regions in the UK and, particularly, Ireland is clear (D’Arcy and Dickson, 1995). However, the question of how much of this under-performance can be directly attributed to the Troubles remains unanswered (Bradley, 1994). One business leader describes the impact of the Troubles as being that, ‘for companies in the south it would have been a bit like doing business in a war situation.’<sup>8</sup> The Ulster Workers’ Council Strike in 1974 is identified as having done particular damage to southern (and external) perceptions of Northern Ireland and also very real damage to business in the region. Indeed, one business leader considers it to have been ‘the precursor to a *total disintegration* of commercial life in

Northern Ireland'.<sup>9</sup> Importantly for this article, the second part of this assumption is that peace should have meant a dividend of higher investment, greater numbers in employment and increasing export intensity in a stronger private sector. In other words, an absence of conflict would mean greater prosperity. How far this has happened, or whether Northern Ireland has returned to the status quo ante (a pattern of long-term decline), is open to debate (Bradley and Best, 2012).

A study in the early days of the peace process found that there was a will for cross-border cooperation among businesses but that it lacked 'coherence, coordination and accountability' in the absence of constructive political and democratic involvement (Anderson and Goodman, 1997). Resistance to this did not come only from northern unionist fears of a 'slippery slope' into Irish unification. From the 1950s into the 1970s, southern politicians believed that cooperation posed a threat to those 'Irish industries' which had been built up behind tariff walls in the South (Kennedy, 1997, 2000). There are several effects of the back-to-back development that arose as a consequence. In common with other border regions, barriers to economic cooperation can include different currencies, a lack of information on the market to be entered, and regulatory uncertainty over taxation, employment law or even movement of goods. Such barriers, regulatory or currency, reflect a broader divergence in policy systems and institutional make-up and mark the difference between an independent state (Ireland) and a devolved region (Northern Ireland) of another jurisdiction (the UK).

#### *Levels of cross-border trade and investment*

Perhaps it is unsurprising, therefore, that there is contestation about even the most essential information on cross-border trade; three different official data sources disagree as to whether Ireland or Northern Ireland is in surplus in the goods trade between the two jurisdictions and the extent to which the level of trade is growing.<sup>10</sup> For this article we use data from Ireland's Central Statistics Office (CSO), which has compiled trade statistics since 1930, six years after customs posts appeared on the Irish border. Figure 1 shows the North-South export figures for 1965 to 2012.

[figure 1 about here]

A boost to cross-border trade occurred after tariff barriers began to be dismantled in the early 1960s, first unilaterally by Ireland and then as a result of the Anglo-Irish Free Trade Agreement, GATT and, later, EEC membership.<sup>11</sup> However, the annual percentage growth in trade slowed down to negligible amounts (3.6% per annum) with the outbreak of conflict. If one factors in inflation rates in the 1970s then the real value of cross-border trade actually fell. Since 1994 there has been 'real' growth (of over 8% per annum), with two steep declines

(one in 2000-2002 and the other in 2007-2010). The second fall, associated with the ongoing economic downturn on both sides of the border, wiped almost a third off the value of cross-border trade, especially in those goods which were tied to the construction boom. The composition of cross-border trade also reveals the structural change in the two economies and the effects of sector-specific decline.<sup>12</sup>

In the early 1990s the Confederation of Irish Industry (now IBEC) and the Confederation of British Industry (CBI) claimed that 75,000 jobs might be created from increased cross-border trade. However, economists have since debated whether North-South trade is actually at expected levels (Fitzimons *et al.*, 1999; Morgenroth, 2009). The more recent study showing that there may be a gap between expected and actual trade levels prompts an even more critical question: how much of this gap could we expect to be closed some years after the peace agreement? A preliminary exploration suggests that much of the gap can be explained by differing structures of the economies due to different foreign direct investment profiles and variation in industrial sectors. On the positive side, this suggests that the potential for significant growth in cross-border trade will depend on Northern Ireland developing a similar foreign direct investment and sectoral profile to Ireland (Morgenroth, 2011).

Although cross-border trade has continued to grow at an aggregate level, it has become of less importance to Ireland than to Northern Ireland. Figure 2 shows the percentage share of Ireland's total exports and imports accounted for by cross-border trade. In the former case, the share has fallen steadily over time, from 15.2% in 1967 to less than 2% of total current goods exports. Imports have declined more gradually from over 5% in 1965 to less than 2% now. In contrast, for Northern Ireland, the South has become a key and growing market for exporters since the early 1990s. Indeed, the share of total exports going South from Northern Ireland has doubled from 15% in 1991-2 to around 30% in 2011-12. The stark difference in export orientation can again be broadly explained by the different structures of the two economies. Further to this, Roper (2007) has found southern firms lagging in cross-border cooperation, given that (on his figures) one third of firms (both North and South) engage in local cooperation, but this reduces to one in six Northern firms and one in 12 firms in the South who engage in cross-border cooperation. Roper (2007) claims that firms in Northern Ireland are more disposed to cross-border cooperation because firms there are more likely to be proximate to the border and to perceive fewer barriers to cross-border cooperation. It is also important to note that, all things being equal, the relative size of the two markets (a population of 4.6 million in Ireland and 1.8 million in Northern Ireland in 2011) should mean that the Irish market is always going to be more important to firms in Northern Ireland than vice versa.



[figure 2 about here]

Although cross-border trade has become of less importance to the Irish economy overall it is worth noting that the statistics can hide the importance of the cross-border market to individual firms. This is particularly the case for small firms which make up the vast majority of businesses both North and South. For these firms, cross-border trade can account for between a sixth (in the case of small Irish firms) and up to two thirds (in the case of Northern Ireland) of their total export sales. This makes the closest export market a crucial one, though InterTradeIreland's quarterly Business Monitor suggests that only around one in four firms are engaged in cross-border activity.<sup>13</sup> This suggests that, despite the many efforts, more work remains to be done to make the island market a truly competitive and accessible one for these businesses.

Finally, to complete the quantitative picture, Northern Ireland is much more important to the economy of Ireland when we look at the numbers of companies with headquarters on one side of the border and operations on the other. One example, among many, of Irish firms investing or operating in Northern Ireland is Glen Dimplex, headquartered in Dunleer, Co. Louth, which has had a plant in Newry since the 1970s with a newer one in Portadown. The significance of Irish investment in Northern Ireland or ownership of firms there since the 1970s should not be underestimated. The numbers of Irish-owned firms has risen steadily from 15 in the early 1970s to almost 300 in 2012 (see Figure 3). The official statistics do not provide a sectoral breakdown but Dun and Bradstreet give details for 252 companies with 'Irish parents' and this suggests that around one in ten are in the agri-food sector. Kerry Group, for example, has six operations in the North. The most recent publically available statistics for employment in foreign direct investment firms in Northern Ireland, for 2002, showed that more than 16,000 (or 22% of all employees in this sector) were employed by Irish-owned firms. This is not reciprocated, which is not surprising given the relative strength and size of the two economies. With the exception of Moy Park (the island's largest processor of chicken), there are few obvious examples of Northern Ireland firms investing in Ireland and creating significant employment there.

[figure 3 about here]

In sum, business linkages operate in both directions; and the value of cross-border trade and the numbers of Irish firms with operations in Northern Ireland have increased over time. With regard to trade the island market is important to firms on both sides of the border, particularly smaller ones or those businesses getting into exporting for the first time (InterTradeIreland, 2013). At an economy-wide level, Northern Ireland has certainly gained from the trade and

investment linkages, while Ireland's gains may be in the areas of supply, channels into the UK market and operational efficiencies. This, then, is the economic context for the cooperation described below.

*The changing policy and institutional context*

I had this dawning realisation that, sure, business can do business but the environment, the institutional environment, the policy environment and the climate it set determines a lot of how business is done.<sup>14</sup>

At an official level in both jurisdictions, cross-border economic cooperation is regarded as, on balance, 'a good thing' that needs political investment.<sup>15</sup> There is a substantial literature on the connections between changing cross-border relations in Ireland and the wider EU in a post-Agreement context and there is no need here to cover this ground again (Coakley and O'Dowd, 2007; Hayward, 2009; Tannam, 2006). Suffice to say, of most significance to cross-border business cooperation in the 1998 Agreement was the creation of the cross-border implementation bodies, specifically InterTradelreland. Established in 1999 to deal with cross-border trade and business development, InterTradelreland has become the key instigator of, or partner in, many business co-operative activities. The organisation has certainly engaged a large cohort of firms in cross-border trade, innovation partnerships and business networks. From recent results there have been over 3,000 companies involved in InterTradelreland cross-border trade and innovation programmes and another 15,000 who have received advice or information from the body.<sup>16</sup>

It is important, also, not to forget the significant changes made by the EU to the policy and regulatory context for cross-border economic cooperation. At a time when road closures and the destruction of bridges were closing the border at some crossings, common membership of the European Union helped facilitate progress in the other direction. A critical moment came with the opening up of the Single Market in 1992 and the subsequent removal of customs barriers. From the perspective of business leaders, this was a crucial 'facilitation mechanism for breaking down barriers' to trade. This cooperation later spread, in accordance with the 'spillover effect' to other areas for cooperation, but what remained essential was that the single market brought evident commercial benefit. More than that, it was seen to 'open up the possibilities' for further gain and was thus welcomed by the business community on both sides of the border; as one commentator noted, 'business people, whether North or South, were always terribly pragmatic'. The possibilities for commercial gain depended on relationship and trust building between players on both sides of the border and the EU became seen as an important enabler in that regard – one business leader referring to it as the 'European marriage bureau', such was its role in facilitating cooperation.<sup>17</sup>

The EU's role in this regard was quite deliberate. In the late 1980s the EU sought to facilitate regional development by investing heavily in infrastructural improvements (from transport to telecommunications) in regions that were lagging behind others. Again, the principle behind this was to facilitate the potential within these areas for local economic development. One business leader noted that funding from INTERREG for infrastructural improvements had a measurable effect on the conditions that 'gave us a chance' to grow. The EU became associated with drawing direct links across the border between businesses and organisations that had the potential to take the lead on improving economic performance in these areas. European-level policy thus came to uphold the value of 'identifying a commonality between the interest of business in Northern Ireland and the Republic'.

In the broader context of the single market and EU incentivisation and facilitation of cross-border business cooperation, an all-island dimension to policy formation became increasingly easy for business leaders to view in terms of real benefits rather than political risks. The common ambition is now that the border region moves from being a no-man's land in investment terms to one that is 'a really global economic space'.<sup>18</sup> Indeed, through EU membership came more confidence in placing local business in the realm of globalisation, which in turn had a positive effect on a conception of economies of scale for the private sector: 'we are such a small part of a big picture that inevitably our concerns and our interests converge'.<sup>19</sup>

#### *External aid for cross-border business growth*

As external actors, both the EU and the United States have made significant direct investment in fostering business development on the island of Ireland (Byrne and Irwin, 2001; Buchanan, 2008). Cross-border business cooperation has relied heavily upon funding streams, notably the EU INTERREG (through the European Regional Development Fund, since 1991) and Peace (since 1995, through the Structural Funds) programmes, plus the International Fund for Ireland (IFI) (since 1986, supported by the USA as well as the EU). Nearly 500 cross-border economic development projects or programmes have been funded since the 1980s, operated by over 160 private, community and public organisations.<sup>20</sup> These organisations include cross-border bodies, such as InterTradelreland, and 'national' agencies, such as the (Irish) Industrial Development Authority or its northern counterpart, Invest NI; but the vast majority are local firms, local authorities or chambers of commerce. Funded economic development activity built up slowly in the 1985-1995 decade. More than €32m in funding was distributed between almost 70 initiatives through the International Fund for Ireland (IFI) and then INTERREG I, but most of these had only nominal cross-border elements (Magennis *et al.*, 2006). There were exceptions to this rule including the successful

cross-border sales and marketing ACUMEN programme (supported now by InterTradeIreland) and several all-island trade missions to the USA, the Gulf States and Russia in the early 1990s. Between 1996 and 1999 there was a surge of cooperative activity supported by the Peace I and INTERREG II programmes. This period also saw a distinct shift in the direction of genuine cross-border co-operation (with agencies working closely together and with firms from across the border region) and almost 230 projects receiving €60m in funding. Between 2000 and 2006, Peace II, INTERREG IIIA and other smaller funding sources supported a further 200 business cooperation initiatives with over €63m. Given the economic growth on both sides of the border since the 1990s there was a change in emphasis towards improving competitiveness on a cross-border basis through bringing companies together in networks or 'clusters' (usually on a sectoral basis) focusing on targeted skills programmes.

The EU has made the most overt attempts to tie cross-border economic development to peacebuilding through direct investment. Peace II, a measure designed to encourage cross-border business development and reconciliation, provided funding of over €24 million. Although it is difficult in some of these projects to see how the peacebuilding element connected to the business one, such funding helped meet the criticism that:

political collaboration trying to drive cross border business cooperation ... has been in the past focused a little bit [too much on] talking about institutions and mechanisms as such. I would rather see that energy focused on just getting businesses together and finding the mechanisms that actually get the action to happen.<sup>21</sup>

One of the most successful business-oriented cross-border projects of the second Peace programme was Border Vision, which created three sectoral clusters and identified network-enabling tools (such as trade exhibitions, training and licensing support). The project manager made the case that cross-border economic activity was central to peacebuilding at two levels: creating economic growth to combat the root causes of violence and breaking down traditional or sectarian barriers by bringing individual business executives together in business networks (McCormack, 2006).

The aims of such funded cooperative activities can roughly be divided into areas such as labour market activation, infrastructure and information and communications technology, entrepreneurship, marketing, networking and innovation. The last three areas account for approximately half of all activities. *Networking* has involved companies (or representative organisations such as chambers of commerce) coming together on a cross-border basis to share information and find new ways of doing business. *Innovation* activities have included product or process development activities, often pursued by higher education institutions in

cross-border partnerships either with another institution or with a private business. *Marketing* has focused on new market development for private companies either across the border or, on a joint basis, into worldwide export markets. Whilst such activities help to make cross-border cooperation self-sustaining in the long term, it does raise the argument that those who have most obviously benefited from the ‘peace dividend’ in Northern Ireland have been the new middle and business elite (Cragin and Chalk, 2003: 10). This shows that, although the private sector wishes to disassociate from ‘politics’ as much as possible (especially in the sensitive North-South context; Bradley, 2009), public policy, institutions and funding support have been vital to fostering cross-border business cooperation. We will now turn to what the business community itself has made of these changing conditions.

## **Business and peace**

### *Business-based peacebuilding: pragmatism and profit*

If the ‘normalisation’ of cross-border cooperation is associated with European integration and Strands 2 and 3 of the 1998 Agreement, the sustainability of cooperation depends on the degree to which ownership of it is taken up by middle range leaders (as according to Lederach’s model), including those in the private sector. As one of them described it, ‘if these things have to have roots and sustainability it has to have a much wider base and roots, then, and I think that economics and business are actually the oxygen of peace’.<sup>22</sup>

Some local business leaders were willing to take up the opportunities opened by the new cross-border business-friendly ‘environment’ of first the EU and then the post-Agreement context. This was reflected in the steady growth in joint cross-border events organised in the early 1990s, such as shared conferences between the Dublin and Belfast Chambers of Commerce. As the political process of peacebuilding appears more solid, opportunities grow for businesses on both sides of the border to ‘get it together at the same time’.<sup>23</sup> As one business leader noted, ‘good will and good intentions on their own will not make something sustainable happen. So you have to add to the mix some modicum of structure’.<sup>24</sup>

The foundation of the Joint Business Council is the most significant example of private sector leadership in structuring cross-border business cooperation. It was formed in 1991 through a coming together of the Confederation of Irish Industry (now IBEC) and CBI Northern Ireland – an initiative significantly inspired by the late Sir George Quigley. Since then the Council, as an ongoing structure with full-time resources, has pursued a number of avenues (business lobbying, providing new thinking on topics such as the Dublin-Belfast economic corridor, and direct support programmes to bring firms together on a cross-border basis). These are deliberately designed to encourage greater levels of economic interaction across the border

on a non-political basis. A business leader present at the preliminary meeting between the CBI and IBEC councils in Queen's University described it as centring on an agreement that, 'if this is going to work, we are kicking politics out of it'.<sup>25</sup> The emphasis was now on finding new opportunities and confidence by working together on a basis of pragmatism:

let's keep politics out of this, let's do the job that we are capable – that we are competent to do. Of course it doesn't mean that you ignore politics, but business people are great for finding ways around obstacles.<sup>26</sup>

The Joint Business Council was intended to work 'for a common good' (interpreted as being shared business interests) and that, with buy-in from key players, came to be seen as 'moving well ahead of the political developments'. Although we should allow for a certain amount of retrospective self-congratulation in this statement, it is significant that business leaders at the time felt confident enough to break new ground in cross-border relations, even in the absence of sustained political progress in that area. The critical factor here is garnering the trust of counterparts on the other side, and this was done by constructing a conceit of being above politics and, more than that, determined to set it aside as a significant factor: 'first, you had to get that trust and say, 'we are not here to get involved in politics, we accept your position, we understand what you are doing'. The Joint Business Council was thus 'about business, it is about seeing what is good for us in business, how can we do more to mutual advantage'.<sup>27</sup>

A second, complementary, conceit was the idea that resentment about past or political grievances 'doesn't exist in the business community because it is always in fast forward'.<sup>28</sup> In this version of events, the initiative of businesses succeeds because its working assumptions and methods are consciously non-political. Such developments did help to create a momentum of their own; but the momentum had to be on both sides at once, and it had to be led by example and, ultimately, by success. The principal definition of success in business terms is, put simply, profitability. Of course, much of what determines whether cross-border business can be profitable is the political and policy environment.

If the profit motive is strong enough and businesses can adapt pragmatically to overcome barriers and risks, it is notable what risks businesses may take. A good example is given by a person working with an international shipping line bringing goods to Belfast from Dublin, who described the way business adapted to the risks of conflict in the 1970s:

We had to manage [cross-border trade] against a background of violence – I suppose the summary of it was that it was good business [so] we said we should continue with it as best we could. I would use the word 'hostile' in the sense that the environment was hostile (I am not

saying individuals were). But things like if we were delivering a container from Dublin to Belfast, sometimes we had to change the trailer at the border and get a Northern Ireland haulier to take it the rest of the way and vice versa. ... It was difficult but we managed to survive it ... just in the eighties then it began to change.<sup>29</sup>

Strikingly, the likelihood of a good profit overrode the additional obstacles (and costs) of trading across the border. Companies that did not see quite such an obvious and immediate economic gain generally lacked the necessary incentive to take on the risks of cross-border cooperation (this was not helped by the wider economic and political context, as noted above). Nevertheless, for those individuals (and companies) committed to cooperation, even in the early 1970s, 'there were never dark days where there was no contact'.<sup>30</sup>

Indeed, some saw conflict as bringing counterparts North and South even closer together. One business leader from the South who travelled to speak at a conference in Belfast in 1981 only to be evacuated from the building due to a bomb alert describes his response to that experience as cementing his determination to continue to work for cross-border cooperation:

on that day I was far, far closer to the business people in Northern Ireland in revulsion at what was going on – far, far closer. [I] felt a commonality because of the circumstances probably, [and] said 'Look, this is not the way, you know. We are together, we have common interests'. And I just condemned the thing from a height, naturally. But it was interesting psychologically... it just shows business people have a lot in common, an awful lot in common.<sup>31</sup>

This particular account reveals a number of important dynamics at work. Being affected by the type of experience that was not uncommon for his northern counterparts immediately stimulated a belief in him of common identity and interests as fellow business people and a willingness to condemn republican terrorism (which implies that the 'political' labels and associations were never too far below the surface in these business interactions anyway).

#### *Contact and spillover: the importance of networks*

The willingness of leaders in the business community on both sides to cross the border and cooperate, despite the psychological, economic and political obstacles, was a first step towards improving familiarity and trust. In line with the contact hypothesis that underpins much of the Peace-programme funded projects, such social contact is also recognised by those in business as 'extraordinarily important'. Thus, business-based peacebuilders sought to invest effort in events that can be 'catalysts for people to come together' in order to create a foundation for sustainable cooperation in the longer term.<sup>32</sup> As one explains:

We didn't see our role at all as being in publicity – we saw our role as trying to bring people together quietly in confidence and in an area of mutual trust. And it was the development of mutual trust between people – both business people and public servants – [that] was remarkable. I mean it was always visible – the old hatreds, not hatred of individuals. But North-South kind of negative feelings just seemed to melt away.<sup>33</sup>

Another argues that, above all else, the fact that 'we got to know people' was what would make a long-term difference to cross-border cooperation. These claims tie in with theories of business-based peacebuilding connecting to intergroup contact theory, in that it suggests that group-based suspicion or antagonism could be ameliorated by building individual trust and connections across sectors and businesses (Forbes, 1997; Amir, 1969). It is important to remember that this process is, for the most part, centred on individuals and their own connections and relationships; as one person notes of a significant cross-border business partnership: 'it just so happened that I knew X well and so it was done on a personal basis really'.<sup>34</sup>

In this vein, one member of the IBEC/CBI Joint Business Council describes every one of its meetings as having 'a subsidiary function', i.e. 'a networking pursuit'. Given that the very concept of networking is one with its origins in commercial practice and discourse, it is unsurprising that business leaders seek to lay claim to leadership in its cross-border use; one states that 'the business community was networking and connecting quite well and quite naturally' prior to the political initiatives of the 1990s. The argument that cross-border networking is essential practice for businesses is very common in the data drawn on here: 'business men are business men, you put them together and you have self-interest. There is a search for information, the possibility of selling ... it worked very naturally'. Again, the pragmatism and the profit motive remains present: 'it is worth remembering that when business people are thrown together they do business and generate wealth together ... doing business between neighbours should be the most natural thing in the world' (Naughton, 2001)

What was critical in helping mere contacts across the border develop into good relationships and even business links was the sharing of a 'language' and 'ethos' when conceptualising cross-border relations. One leader describes the ways in which 'words like "communication" and "patience" and "acceptance" became part of the ethos of being with people' on a cross-border basis.<sup>35</sup> This is a discursive change that happened at the macro level as well from the mid-1990s onwards. European policy making in border regions, together with economic growth in the South in particular, helped to open up this subject to a type of discourse that centred on a conception of the trade possibilities to be opened up. The language of business



was a natural fit here, with its talk of ‘competitive advantage’, ‘goals and objectives’, ‘risks and rewards’, with such terms as ‘market’ and ‘enterprise zone’ offering a non-political alternative to such loaded terms as ‘border’ and ‘jurisdiction’.

Sir George Quigley, in particular, played a crucial role in creating this new conception, ‘feeling’ and language around the whole process. One business leader describes Quigley’s notion of the ‘island economy’ as particularly powerful; first, it was ‘an idea that brought people into a safe space’, one which helped reconceptualise cross-border cooperation in a European and global context, freeing it up from political overtones; second, it was ‘the intellectual equivalent of a golf course’, giving people the space to make contacts and conversation free from the constraints of usual business or political development.<sup>36</sup>

#### *Key players: the importance of leadership*

Sir George Quigley is one of a number of individuals who made an outstanding contribution to cross-border cooperation through the application of their business expertise combined with political acumen. In an interview shortly before his death in 2013, Quigley made the point that he was aware in the 1990s of the difficulties that unionist politicians had with ‘what I had said (and continued throughout the nineties to say) about the island economy’. However he persevered and was an advocate of cross-border bodies, including one dealing specifically with the economy, which were equally unpopular with unionist politicians (see Pollak, 2013: 16). Similarly equipped with commitment and long-term vision, as well as capacity for endurance, was Brendan O’Regan, a leading entrepreneur in the Shannon region and the founder of Co-operation North (later, Co-operation Ireland) in 1979. O’Regan’s belief was that business people could play a major role in a process of healing divisions between North and South through their building of contact and networks.

Even in the post-Agreement context, there remains a heavy reliance on the role of individuals, both to continue to develop networks across the border and also to be prepared to act against the flow. Although, as noted above, networking is ‘natural’ to businesses, cross-border networking is far from straightforward, and additional determination and commitment are needed from those people willing to pursue it. As one business leader describes it, such individuals who drive cross-border cooperation ‘personally feel that this is something good to do and they are actually personally seeing an advantage but they are often going against ... they’re having to be under the radar’.<sup>37</sup> What makes individuals such as Quigley particular catalysts for cross-border business cooperation is a combination of both their ability to convince others as to the practical benefits to be gained by such developments (‘he blazed a trail in bleaker times and pointed to the rich harvest that could be yielded from North-South economic co-operation’)<sup>38</sup> and their excellent business skills (‘none of it would

have happened without him because he has a kind of unique ability to mediate and he has done it throughout his career really').<sup>39</sup> There are several examples of business leaders using the skills honed in their long business experience to attempt to help make a direct contribution to peacebuilding – but most of these direct contributions, it should be noted, arise from the initiative of individual business leaders rather than as offshoots of typical business practice.

## Conclusion

This article has shown how cross-border business cooperation, at least in the eyes of its agents (the business people themselves), has rarely had peacebuilding as an objective. The background to cooperation is one where business *opportunities* were associated with cross-border cooperation, both for individual firms and for the two jurisdictions, particularly Northern Ireland. The assumption was that cross-border trade and business relationships were underdeveloped and that more could be gained from these. A belief in the spillover effect – whereby cooperation in one area would produce positive changes in others – is central to both official (state and EU) policies and cross-border business activities. Against the background of the Agreement (Strands 2 and 3) and the single European market, initiatives in the private sector for North-South development gained in number and in ambition, as the benefits of cross-border networking and risk-taking were more evident. As well as this important but fairly constricted 'spillover' effect, some core principles in theories of contact and business-based peacebuilding also appear to be borne out in this study. There are three priorities that seem to dominate the approach to North-South cooperation taken by the business leaders concerned: pragmatism, relationship-building and leadership. As predicted by literature on business-based peacebuilding, the emphasis on the shared, pragmatic goal of business growth and profit is often repeated by those willing to take risks in cross-border cooperation; this is in order to present their motives as non-political and, therefore, as non-threatening. The discourse of being 'above politics' has been important in generating buy-in to such cooperation in this sector (although, it must be said, this deliberately downplays the significance of public funding and state support for cross-border business initiatives). Institutional support has also been essential in helping to expand 'contact' between business partners into trust and enterprise (Pettigrew, 1998; Forbes, 1997). Proponents of the contact hypothesis also note the importance of individual leaders in connecting contact to peacebuilding. Indeed, the role of key players is the element that comes through most forcefully in the data used in this article. Whilst the role of charismatic leadership is widely acknowledged in political science, sociology, management and peace studies (see Blondel, 1987; Conger and Kanungo, 1998; Weber, 2009; Peake *et al.*, 2004), there is perhaps a

need to bring it more to the fore in our understanding of peace processes and the contribution of the private sector.<sup>40</sup>

In sum, it is notable that ventures into conventional peacebuilding activities are rare in the private sector and tend to be the result of the initiative of individual business leaders. Business leaders can utilise the skills they have perfected in commercial transactions in order to bring a pragmatic approach to identifying common interests and finding means of meeting them; but in order to do so properly, they need the structures and mechanisms necessary at both top political and ground community level in order to realise the benefits (and minimise the risks) of their cross-border networking and initiatives. The motivation for expanding business into new markets is ever-present, and there is an additional incentive for those who see opportunities for expanding trade across 'a convenient land border'. Now that the barriers associated with that land border are diminishing, the longer project of improving the business environment around that border and connecting commercial gain to wider community development remains still to be pursued.<sup>41</sup> Interestingly, the fact that motivation of these 'middle range leaders' is, first and foremost, profit (not peace), perhaps makes their commitment and influence all the more likely to be sustained in the face of challenges to cross-border cooperation, whether they come through economic competition or political conflict. With this in mind, it is worth noting that businesses can *compete* with each other at the same time as they cooperate (Brandenburger and Nalebuff, 1996). *Closer* relations between businesses across the Irish border, therefore, should not be automatically assumed to be always *mutually beneficial* ones. For such reasons, although private sector cooperation can complement wider processes of peacebuilding, it cannot exist in isolation from – nor as a substitute for – action in other sectors.

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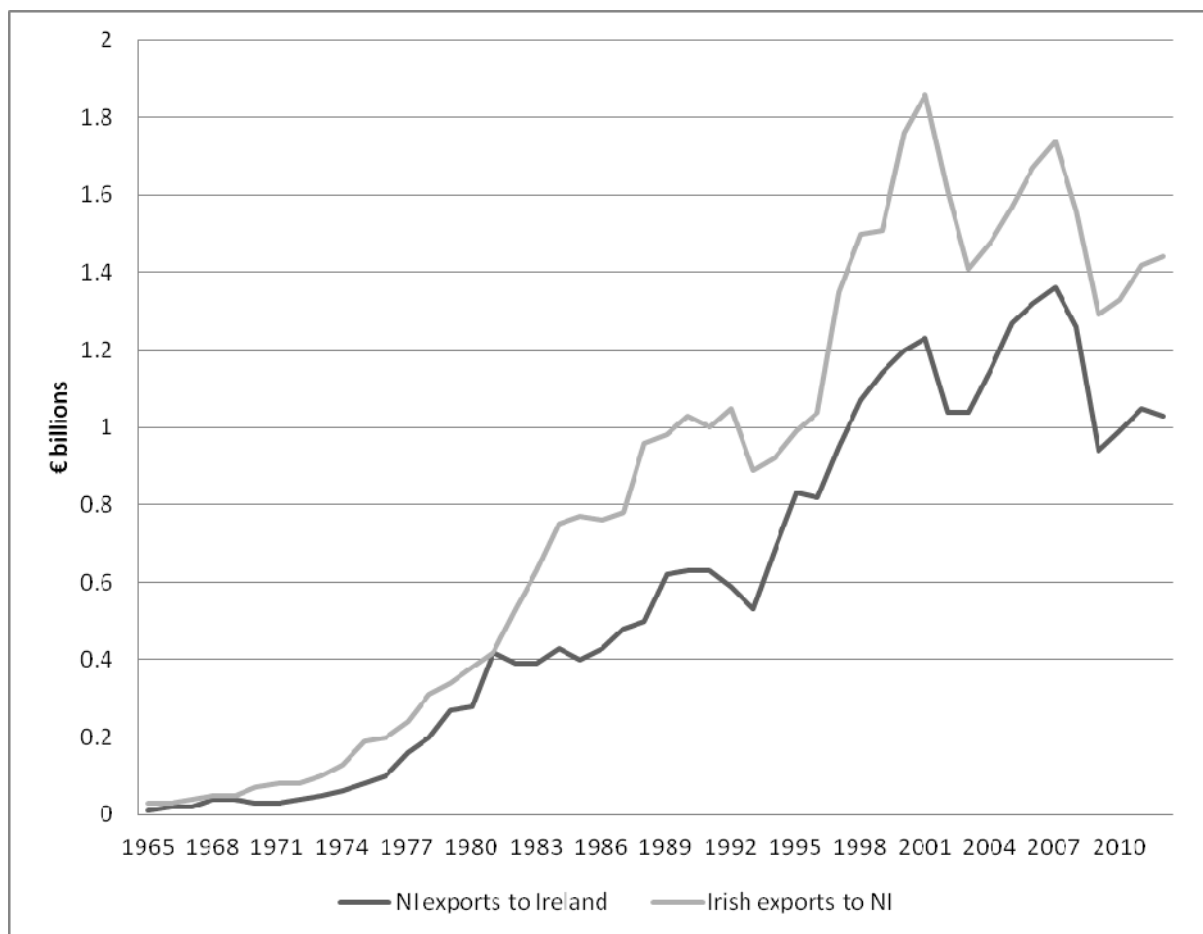


Figure 1: Cross-border goods trade, 1965-2012

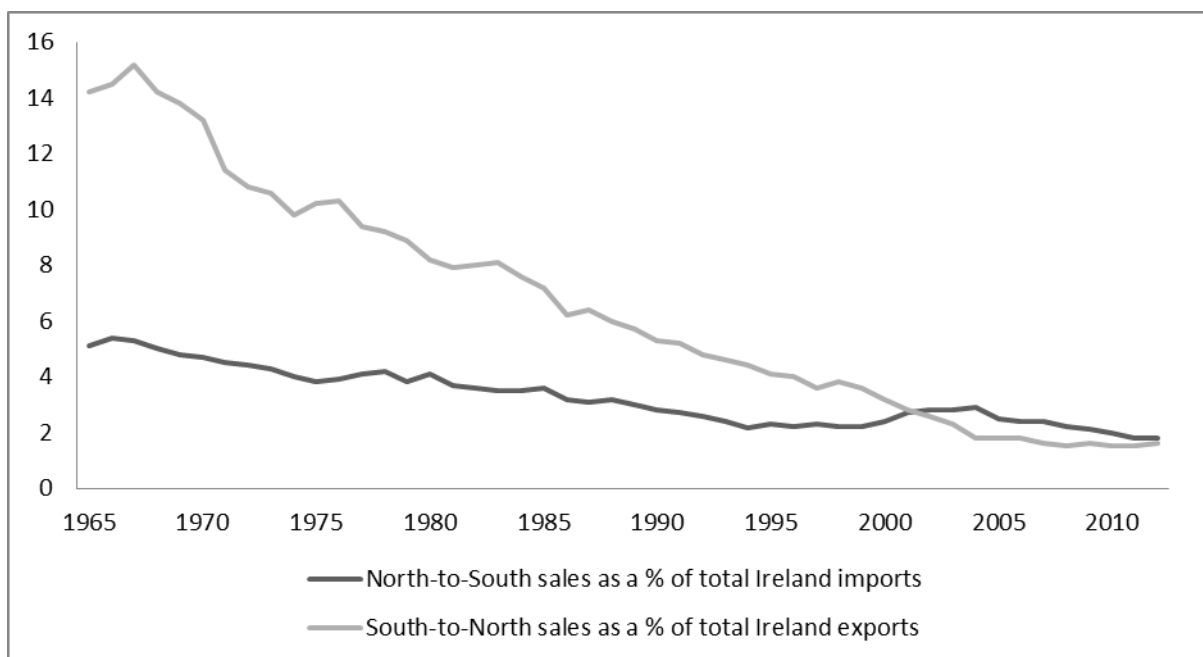


Figure 2: Cross-border goods trade as a share of Ireland's total trade, 1965-2012

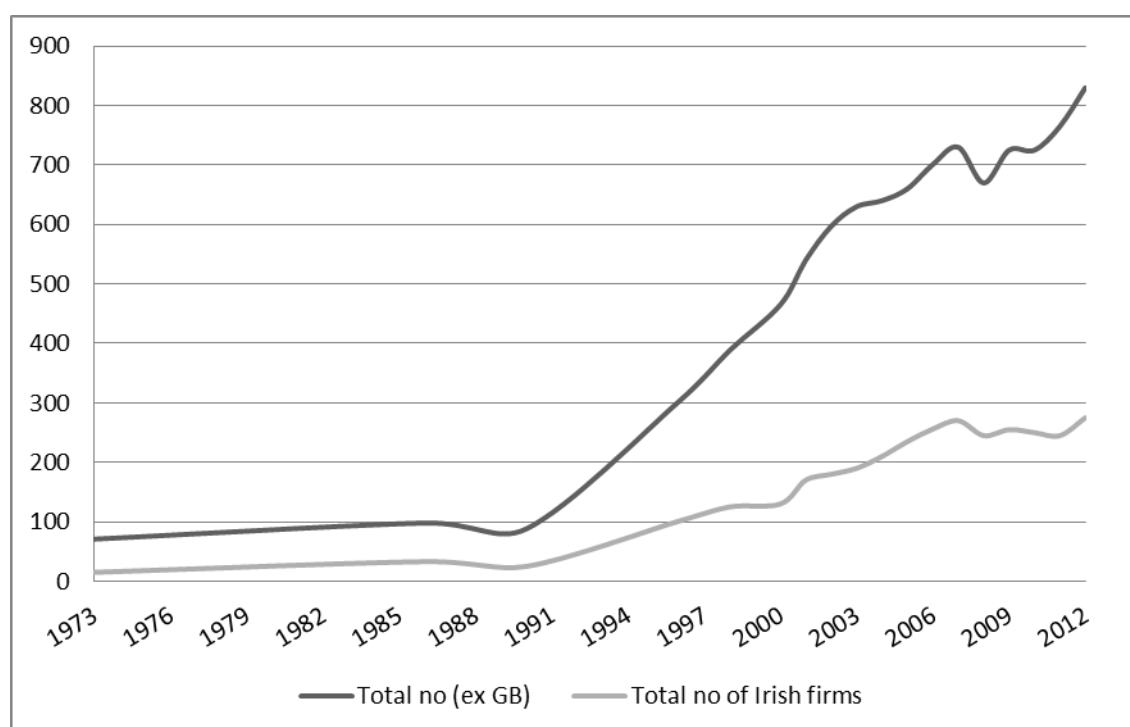


Figure 3: Numbers of foreign-owned firms operating in Northern Ireland, 1973-2012



## Notes

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1. Witness seminar (WS) 18 November 2009.
2. Killick *et al.* (2005) and Banfield *et al.* (2006) rework Lederach's triangle of conflict transformation to place business leaders at all layers, ranging from leading company CEOs and sectoral apex organisations at the top, through small and medium enterprises, regional chambers of commerce and regional business leaders, to shop owners, market traders and small scale associations at the grassroots. We utilise Killick *et al.*'s (2005: 5) definition of local business as 'all private economic actors (including related business associations and chambers of commerce)'.
3. The qualitative data is drawn, in the main, from transcripts of roundtables and witness seminars described above.
4. For example, the mission of the EU's (2012: 4) EuropeAid (Directorate-General for Development and Cooperation overseas) is to 'promote democracy, peace and security'.
5. See Uvin (2002) for an overview of dominant tropes in the relationship between development and peace and Leonhardt (2001) for a summary of the risks and opportunities associated with using aid in peacebuilding strategies.
6. Even Byrne's (2010: 198) study of the economic aspects of conflict transformation in Northern Ireland, although noting the importance of building links between businesses North and South of the border for long-term transformation, does not address the role of the private sector (or more particularly cross-border business cooperation) in great detail in the text.
7. See National Archives of Ireland, Taoiseach's Department papers, S16272, Lemass speech to Oxford Union, 15 Oct. 1959.
8. WS, 10 December 2009.
9. WS, 10 December 2009, emphasis added.

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10. The three sources of trade figures are the Central Statistics Office (Ireland), the UK's HM Revenue and Customs and the Department of Enterprise, Trade and Investment (Northern Ireland). For more details see Morgenroth (2011).
  11. WS, 10 December 2009.
  12. For example, from the CSO figures, textiles, for long a mainstay of the Northern economy, accounted for 15% of the North's sales to the South in 1975 and only 1% in 2010. Also, while food and drink accounts for almost half of all cross-border trade, the selling of live animals which was a mainstay in the 1970s is now of negligible value.
  13. Source: DETINI's Manufacturing Sales and Exports Survey, 2011-12 and InterTradeIreland Business Monitor, q1 2013.
  14. WS, 18 November 2009.
  15. A note of caution is struck by Blatter (2000: 425) who argues that regional cross-border cooperation can actually produce antagonistic communities and sectoral conflict, particularly in the EU context.
  16. For more see annual reports available at <http://www.intertradeireland.com/aboutus/ourstrategy/annualreports/> and a review by Coakley et al. (2006).
  17. This paragraph and the next are based on WS, 10 December 2009.
  18. Round table (RT), 10 February 2010.
  19. WS, 10 December 2009.
  20. The detail of this cooperative activity has been captured on the Centre for Cross-Border Studies' Border Ireland system (see <http://borderireland.info> ).
  21. RT, 10 February 2010.
  22. WS, 18 November 2009.
  23. RT, 10 February 2010.
  24. WS, 18 November 2009.
  25. WS, 10 December 2009.
  26. WS, 10 December 2009.
  27. WS, 10 December 2009.
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28. WS, 18 November 2009.
29. WS, 10 December 2009.
30. WS, 10 December 2009.
31. WS, 18 November 2009.
32. WS, 10 December 2009.
33. WS, 18 November 2009.
34. This paragraph and the next are based on WS, 10 December 2009.
35. WS, 10 December 2009.
36. WS, 18 November 2009.
37. WS, 18 November 2009, A3: 14.
38. RT, 10 February 2010.
39. WS, 10 December 2009.
40. Whilst Sweetman (2006: 60) acknowledges the importance of charismatic individuals in peace-building non-governmental organisations, for examples, he does not give significant consideration to their role in business and, through that, in leadership in conflict resolution.
41. WS, 10 December 2009.